A PROPOSED SYNOPSIS ON

A STUDY ON AWARENESS OF SYSTEMATIC INVESTMENT PLAN (SIP) IN MUTUAL FUND INDUSTRY IN NANDED DISTRICT

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1) INTRODUCTION:

A Mutual Fund is a kind of investment that uses money from investors to invest in stocks, bonds or type of investment. A systematic investment plan (SIP) is an investment vehicle offered by many mutual funds to investors, allowing them to invest small amounts periodically instead of lump sums. The fixed amount of money can be as low as Rs.500, while the pre-defined SIP intervals can be on a weekly/monthly/quarterly/semi-annually or annual basis.

By taking the SIP route to investments, the investor invests in a time-bound manner without worrying about the market dynamics and stands to benefit in the long-term due to average costing and power of compounding. This variant allows you to increase the amount invested at regular intervals. This is particularly suited for investors with irregular income as in the case of self-employed individuals, and professionals with higher variable income.

Top-up SIPs let you invest sudden profits or bonus to enable early accomplishment of financial goals. Such facility also enables you to take advantage of well performing funds by adjusting your investments accordingly. Experienced investors can take advantage of trigger SIPs. This type is suitable for investors having sound knowledge of financial markets as this involves speculations and regular market tracking. An investor can set an index level, NAV, event or a particular date to start this SIP. Systematic investment plan is a method to build an investment portfolio with a small sip investment in mutual funds at regular intervals. Many investors choose this route to enter the financial markets and benefit from compounding returns the best way.

2) History of Mutual Fund SIP:

The Mutual Fund industry in India started in 1963 with formation of UTI in 1963 by an Act of Parliament and functioned under the Regulatory and administrative control of the Reserve Bank of India (RBI). In 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. Unit Scheme 1964 (US ’64) was the first scheme launched by UTI. At the end of 1988, UTI had ₹6,700 crores of Assets Under Management (AUM).

The Indian securities market gained greater importance with the establishment of SEBI in April 1992 to protect the interests of the investors in securities market and to promote the development of, and to regulate, the securities market.

In the year 1993, the first set of SEBI Mutual Fund Regulations came into being for all mutual funds, except UTI. The erstwhile Kothari Pioneer (now merged with Franklin Templeton MF) was the first private sector MF registered in July 1993. With the entry of private sector funds in 1993, a new era began in the Indian MF industry, giving the Indian investors a wider choice of MF products. The initial SEBI MF Regulations were revised and replaced in 1996 with a comprehensive set of regulations, viz., SEBI (Mutual Fund) Regulations, 1996 which is currently applicable. The number of MFs increased over the years, with many foreign sponsors setting up mutual funds in India. Also the MF industry witnessed several mergers and acquisitions during this phase. As at the end of January 2003, there were 33 MFs with total AUM of ₹1,21,805 crores, out of which UTI alone had AUM of ₹44,541 crores.

3) Current scenario:

The Since May 2014, the Industry has witnessed steady inflows and increase in the AUM as well as the number of investor folios (accounts).

- The Industry's AUM crossed the milestone of ₹10 Trillion (₹10 Lakh Crore) for the first time as on 31st May 2014 and in a short span of about three years the AUM size had increased more than two folds and crossed ₹20 trillion (₹20 Lakh Crore) for the first time in August 2017. The AUM size crossed ₹30 trillion (₹30 Lakh Crore) for the first time in November 2020.
- The overall size of the Indian MF Industry has grown from ₹7.53 trillion as on 31st August 2012 to ₹39.34 trillion as on 31st August 2022, more than 5 fold increase in a span of 10 years.
- The MF Industry's AUM has grown from ₹20.59 trillion as on August 31, 2017 to ₹39.34 trillion as on August 31, 2022, around 2 fold increase in a span of 5 years.
- The no. of investor folios has gone up from 6.08 crore folios as on 31-Aug-2017 to 13.65 crore as on 31-Aug-2022, more than 2 fold increase in a span of 5 years.
- On an average 12.60 lakh new folios are added every month in the last 5 years since August 2017.

4) Awareness of SIP

The survey comes at a time when the mutual fund industry's monthly SIP book size reached an all-time high of close to ₹10,000 crores as per latest data released from the Association of Mutual Funds in India (AMFI).

An SIP survey, which was conducted by Aditya Birla Sun Life Mutual Fund, also showed almost 50% of people think SIPs help in building long-term corpus and whopping 83% respondents who have invested in SIPs themselves said they will recommend it to others as well.

A. Balasubramanian, MD and CEO, Aditya Birla Sun Life AMC, said, "This survey was initiated to better understand the perceptions and considerations around systematic investments and investor preferences. Not only does it reaffirm that SIP as a mode serves different needs of an investor such as budgeting, convenience and discipline but it has also captured their attention for goal-based investing."

"52% people started their first SIP with a specific goal, and 75% of respondents believe in starting different SIPs for different financial goals in life. That aligns with the findings that a significant 85% of people have invested in multiple SIPs, with 58% stating they do so to diversify risk."

Over 40% of the investors started their first SIP in their 40s, 35% in their 30s, and 24% belong to 20s age band. Late start to systematic investments necessitates spreading the awareness of starting early.

52% people started their first SIP with a specific goal, and 75% of respondents believe in starting different SIPs for different financial goals in life. Goal-based investing remains a popular theme among investors.

5) Features and Importance of SIP

1. Secure Investment: SIP is a safe investment because the money is invested in the mutual fund scheme that the investor decides. furthermore, mutual funds are a great method of starting an investing career.

2. Systematic and Organized: Once you opt for sip, you can make an investment in it either weekly, monthly, or quarterly depending on the scheme. the foundation of mutual funds lies in the organized order of using money and distributing it with interest.

3. Small Payments with SIP: One of the main key benefits of investing in SIP is it gives the feasibility of small denominations to investors to put it simply.

4. Easy SIP investment process: SIP mutual funds are much more convenient to invest owing to their seamless process. it's not only easy to apply to mutual funds, but all you need to do post applying is to enable auto-debits.

5. Potential of Compounding: SIP has a great potential of growing to a noteworthy amount with time even with a minimal, regular contribution owing to the compounding interest effect, compounding is a scenario where the interest earned is invested back in the mutual fund for higher returns.

6. flexibility to stop at your choice: One of the major benefits of investing in SIP is that it is quite easy and convenient to stop by opting out of the SIP plan anytime. once the SIP is stopped, the investor can either return to the amount or carry on investing in the mutual fund as per their choice

7. Tax Saving Option: sips are one of the best tax-saving instruments. one can claim up to ₹1.5 lakh deduction from your taxable income for investing in ELSS through SIPs under section 80(c) of the income tax act, 1961. so, the investment and savings go hand in hand.

6) How does SIP works?

A SIP is a flexible and easy investment plan. Your money is auto-debited from your bank account and invested into a specific mutual fund scheme. You are allocated certain number of units based on the ongoing market rate (called NAV or net asset value) for the day.

Every time you invest money, additional units of the scheme are purchased at the market rate and added to your account. Hence, units are bought at different rates and investors benefit from Rupee Cost Averaging and the Power of Compounding.

6.1) Rupee-Cost averaging:

With volatile markets, most investors remain skeptical about the best time to invest and try to 'time' their entry into the market. Rupee-cost averaging allows you to opt out of the guessing game. Since you are a regular investor, your money fetches more units when the price is low and lesser when the price is high. During volatile period, it may allow you to achieve a lower average cost per unit.

6.2) Power of Compounding:

Albert Einstein once said, "Compound interest is the eighth wonder of the world. He, who understands it, earns it... he who doesn't... pays it." The rule for compounding is simple - the sooner you start investing; the more time your money has to grow.

7) Pros of SIP:

- Imposes discipline, avoids emotion
- Flexibility
- Works with small amounts
- Reduces overall cost of investments
- Risks less capital

8) Cons of SIP:

- Requires long-term commitment
- Can carry hefty sales charges
- Can have early withdrawal penalties
- Could miss buying opportunities and bargains

9) NEED OF THE STUDY:

The study basically focusing on Systematic Investment Plan which is a popular method of investing in mutual funds, the conceptual framework and SIP offered by different companies. The studies help the company to understand the behaviour of individual while investing in Systematic Investment Plan schemes. The systematic investment plan to make strategies to improve their services to meet their investor's perception.

10) OBJECTIVES OF THE STUDY:

1. To study the attitude of the investors towards SIP in Nanded city.
2. To find out factors affecting selection of SIP plan by investors in Nanded city.
3. To analysis different SIP plan offer by mutual fund Company for investors in Nanded city.
4. To identify investors demographic factors, influence selection of SIP plan in Nanded city.
5. To examine the awareness of investors about the Mutual fund SIP in Nanded city.

11) HYPOTHESIS:

H0- There is negative relationship between SIP and SIP factors.
H1- There is Positive relationship between SIP and SIP factors.

H0- There is no association between age and awareness regarding SIP.
H1- There is association between age and awareness regarding SIP.

H0- There is no association between gender and awareness of SIP.
H1- There is association between gender and awareness of SIP.

H0- There is no association between monthly income of the way of investment of SIP.
H1- There is no association between monthly income of the way of investment of SIP.

12) RESEARCH METHODOLOGY AND DATA COLLECTION

a) **Primary Data:** The primary data will be collected from a sample survey, interview and Questioners etc. A sample of 500 respondents will be collected from research area.

b) **Secondary Data:** The secondary data will be collected from internal sources. It will be collected through the factsheet of different mutual fund houses by using various websites and also from the various publications of government of India, RBI, SEBI and AMFI and also from relevant reports, periodicals, and newspapers.

c) **Sample Selection:** A sample of 500 respondents will be collected from research area.

d) **Statistical Tools:** Various statistical tools such as measures of Standard Deviation, Beta, Sharpe ratio, Alpha and Benchmark will be used as per the need as well as implement ANOVA, Chi – square test, T-test etc. Diagram and charts will be used with the help of excel sheet.

e) **Study Period:** The study take tenure for Research work 2016-2021.

13) SCOPE OF THE STUDY:

1) Periodical scope: The periodical scope of this research will be for 5 years i.e. 2016 to 2021.

2) Geographical area: The geographical scope of the study will be Maharashtra in general and Nanded city in particular.

3) Operational scope: The study is confined to the factors considered by investors by selecting mutual funds for their various investments. The level of awareness about SIP, Source of information, factors influencing decision making are studied. The above said factors are compared with demographic factors such as age, marital status, Occupation and gross annual income of the respondents to analyze "the awareness of investment opportunities in mutual funds- special Significance on SIP".

14) LIMITATION OF THE STUDY

The study is restricted to following points.

OBJECTIVES: The objectives stated for research study purpose only.

RESEARCH METHODOLOGY: The Research tools are restricted to Nature of study and purpose of study.

15) PROPOSED CHAPTERIZATION

1. Introduction
2. Research design and Research methodology
3. Review of Literature
4. Study of SIP in Mutual Fund
5. Data Analysis and Interpretation
6. Findings, conclusion and Suggestions

The above chapter scheme is tentative. It may change in the course of the study.

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